



## Irish Life Weekly Investment Bulletin

The week that was – WEEK 21 2018 (ending 25/05/2018)

*“In the long run, you hit only what you aim at.” – Henry David Thoreau*

**Ireland to build up €8 billion ‘rainy day fund’** – Plans for building up a contingency reserve or ‘rainy day fund’ of €8 billion over the ‘medium term’ (€3 billion by 2021) were announced by Minister Paschal Donohoe with €1.5 billion coming from the sovereign wealth fund and €500 million a year over the next three years.

**Conflicting signals from Trump on U.S. / North Korea summit** – Less than thirty-six hours after President Donald Trump abruptly cancelled the planned 12th June summit meeting with Kim Jong Un, saying it would be “inappropriate”, he had a change of heart indicating on Friday that the get-together might happen after all.

**Global stock market down 0.3% on the week** – The MSCI AC World TR Index showed a -0.34% return from 18th May to 25th May, as oil prices fell back following speculation that OPEC and Russia may relax supply controls. The CBOE Vix (Volatility Index) closed the week relatively unchanged at 13.22, down from 13.42.

**Oil prices fall after Saudi Arabia and Russia supply increase reports** – Oil prices on Monday had reached their highest level since late 2014 after Venezuela supply concerns but prices reversed later in the week after reports that both OPEC and Russia were planning to increase production to prevent more price increases.

**Eurozone and Japan PMIs show growth slowdown but U.S. still solid** – The eurozone composite purchasing managers’ index fell to an 18-month low of 54.1 in May (55.1 in April) and the Japan manufacturing PMI dropped to 52.5 (53.8 in April). However the U.S. composite PMI rose to 55.7 in May, a three-month high.

**UK retail sales rise in April the largest in one-and-a-half years** – The Office for National Statistics reported that Retail sales volumes rose by 1.6% in April (compared to 0.7% forecast), following the sharp fall of 1.1% in March influenced by the ‘big snow’. The ONS stressed however that the underlying trend “remains subdued”.

**The Story of the week:** The New York Post reported on a cat clutching on to the roof of a red minivan going at 60mph (96.6Km/H) driving down a Nebraska interstate highway which was filmed by the Rankin family in another car while trying to catch the attention of the driver of the van. The Rankins finally managed to capture her attention and she eventually pulled over. The Nebraska Humane Society (NHS) are trying to identify the people in the van, so they can determine who the cat belongs to, what happened to it after the incident and whether it needs assistance.

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# Index Performances and Market Data\*

<b>Equity and Bond Markets % (in Local Currency)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD (to 25/05)</b>
MSCI AC World (Gross TR)	26.2	9.9	1.8	9.7	20.4	2.0
ISEQ Overall Return	35.8	16.8	33.6	-2.7	9.7	3.0
FTSE 100 TR	18.7	0.7	-1.3	19.1	11.8	2.5
Euro Stoxx 50 TR	21.5	4.0	6.4	3.7	9.2	2.0
S&P 500 TR	32.4	13.7	1.4	12.0	21.8	2.6
Nasdaq Composite	38.3	13.4	5.7	7.5	28.2	7.7
Nikkei 225	56.7	7.1	9.1	0.4	19.1	-1.4
MSCI Emerging Markets	0.9	2.6	-8.0	7.1	27.8	0.3
Eurozone Government Bonds 1–5 yr	2.1	3.4	1.0	0.9	-0.2	-0.3
<b>Sovereign 10yr Bond Yields (%)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD</b>
U.S.	3.0	2.2	2.2	2.4	2.4	2.9
German	1.9	0.5	0.6	0.2	0.4	0.4
UK	3.0	1.9	1.9	1.2	1.2	1.3
Japan	0.7	0.3	0.2	0.0	0.0	0.0
Ireland	3.4	1.3	1.1	0.7	0.7	1.0
Italy	4.1	2.1	1.6	1.8	2.0	2.6
Greece	8.2	9.6	7.9	7.1	4.1	4.5
Portugal	6.1	2.7	2.5	3.8	1.9	2.0
Spain	4.1	1.6	1.7	1.4	1.6	1.5
<b>Central Bank Rates (%)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD</b>
ECB	0.25	0.05	0.05	0.0	0.0	0.0
Bank of England	0.25	0.50	0.50	0.25	0.50	0.50
U.S. Federal Reserve	0.25	0.25	0.50	0.75	1.50	1.75
<b>Foreign Exchange Rates</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD</b>
Euro/Dollar (€/\$)	1.37	1.21	1.09	1.04	1.20	1.16
Euro/Sterling (€/£)	0.83	0.78	0.75	0.84	0.89	0.87
Sterling/Dollar (£/\$)	1.65	1.56	1.46	1.24	1.36	1.33
<b>IPD All Property Return % (in Local Currency)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Ireland	3.2	12.3	36.1	25.1	12.6	8.1%
U.K.	2.7	10.7	17.8	13.1	3.6	10.3%
U.S.	5.3	11.4	11.2	12.1	7.8	7.1%

\*Past performance is not a reliable guide to future performance